

Memorandum

City of Tempe



Date: June 22, 2015
To: Mayor and Council
From: Nakagawara, David
Cc: Steven Methvin, Ryan Levesque, Donna Kennedy
RE: Condominiums vs. Apartments

Recently, Mayor and Council have heard developers describe their products as “Condominium Quality” or as having “Condominium Finishes” or as being “Condominium Ready.” These are not standardized industry terms or concepts; they are usually used in advertising efforts to sell a product. Since such terms are not standardized, that allows the City of Tempe to propose its own definition of “Condo Quality,” “Condo Ready” or other concepts, in order to guide the Mayor and Council in its decision-making processes.

For the purposes of comparison, staff recommends that “Condo Ready” be considered a lower threshold to clear versus “Condo Quality”. During the condominium conversion craze which occurred before the last recession, ordinary apartments were being converted to condominiums that were not of “Condo Quality” as defined below. In making decisions regarding incentives or zoning changes, Council may choose to consider projects that are both Condo Ready and Condo Quality over other proposals.

In light of the above, here are staff recommendations for terms we as a city could decide to use in evaluating developments for incentives or zoning changes:

A “**Condominium Plat**” is a term or concept that is defined by law in ARS Title 33. The definition of a condominium, from ARS 33-1202 is:

Condominium "means real estate, portions of which are designated for separate ownership and the remainder of which is designated for common ownership solely by the owners of the separate portions. Real estate is not a condominium unless the undivided interests in the common elements are vested in the unit owners."

It is a legal term used to apply to a type of subdivision plat that includes the division of interior units from each other, as well as the definition of common areas, tracts, drives, parking and easements. The condominium plat must be processed like any other plat – prepared by a licensed engineer, reviewed by the city staff, processed through the DRC and City Council, and signed and recorded at the County. The condominium plat will contain legal descriptions, dimensions, access, egress, lots, and all other features necessary to demonstrate the ownership regime for the plat.

“Condo Ready” – Prerequisites to be considered “Condo Ready” are:

- a. A condominium plat engineered, reviewed and approved by the City, ready to be signed and recorded.
- b. Units that are designed to be self-sufficient and metered for power and other utilities
- c. Units capable of being legally defined in such a way that each unit can be individually financed and owned

“Condo Quality” – Prerequisites to be considered worthy of individual ownership, should comply with all of the following:

- a. Quality, durable construction (Type I, II or III construction) preferred. Type V construction is permissible but must comply with Items **b** through **u** below and code minimums for fire and life safety, including structural standards, are demonstrably exceeded.
- b. Independent HVAC systems.
- c. Less than 50% stucco finish on exterior walls, remainder durable finishes such as metal, brick, or ground-faced concrete masonry units
- d. Washer/dryer laundry facilities in each unit
- e. “Above code” energy efficiency (higher performance than 2012 IECC)
- f. At least one walk-in closet comparable to those found in single family detached product
- g. High ceilings (>8 feet) in living/family/great room areas
- h. Glazing (natural light calculated in % of floor area) greater than building code minimums
- i. At least one full bath including separate shower and separate tub
- j. For ground floor style units (townhome designed), individual garages.
- k. Additional storage space or bike storage (possible common area amenity)
- l. Open floor plans and spacious bedrooms
- m. Community amenities superior to common apartment complexes
- n. Sound Transmission Ratings of STC 55 or better and an Insulation Impact Class (IIC) rating of 55 or better between units. A STC 39 rating or better for exterior walls.
- o. Deep-set balconies with adequate seating space for indoor/outdoor use (not projected balconies)
- p. For large multi-story buildings, centralized space for refuse/recycling service
- q. Fiber ready for high speed internet, security.
- r. Private entry and minimum of 60 sf of private balcony or patio for each unit
- s. Minimum of one covered or garaged parking space per unit
- t. No micro-units allowed. Minimum unit sizes as follows:
 - Studios – Not allowed
 - One Bedroom – minimum unit size 700 sf
 - Two Bedroom – minimum unit size 900 sf
 - Three Bedroom – minimum unit size 1,200 sf
- u. Condo Finishes as defined below

“Condo Finishes” – Although subjective, the following features contribute toward “Condo Quality” by having a higher quality fit and finish than a rental product:

- Solid wood cabinetry or equivalent
- Durable flooring – such as hardwood, bamboo, tile, concrete (no sheet vinyl, linoleum or vinyl tile)
- High-end wall finishes (level 5, per Gypsum Industry Standards)
- Professional grade appliances
- Durable countertops such as quality granite, stainless steel, concrete, quartz (no laminates)
- Quality plumbing fixtures in all sinks, lavatories, showers and tubs
- Durable flooring and wall coverings in bathrooms and showers, such as tile, quality granite or quartz

NOTE: The condo finishes identified are items that are outside the scope and review parameters of a typical Development Plan Review.

The above are staff recommendations for a template for the evaluation of multi-family projects that have requested zoning changes or incentives. If you have any suggestions, additions, deletions or comments please contact either Ryan Levesque or Dave Nakagawara.